

February 10, 2005

Small Business Technology Coalition
1156 15th Street N.W., Suite 1100
Washington, D.C. 20005

Subject: Venture Capital Companies and the SBIR Program

Gentlemen:

In response to your request for comments on above subject, AdTech Systems Research, Inc. has the following to offer. There is a place for venture capital companies, but it is not in the SBIR business. Allowing these companies that are not really small businesses to participate in the SBIR process goes against the grain of the purpose for which the SBIR program was created. The main effect it would have would be to create more competition for "legitimate" small businesses. Venture capital companies do not generate innovative research. The purpose of the venture capitalist would be to help the small business commercialize the innovative new product or idea and take it to market. Thus their value added comes into play at the end of the SBIR Phase II, as the small business moves into Phase III, or the commercialization phase. It is at this point that many small businesses need financial assistance for building a manufacturing plant, and oftentimes management and marketing assistance since they are growing the company from one of research to one of product manufacturing and marketing. Allowing venture capital companies into the Phase I or Phase II of the SBIR program would be counterproductive.

Sincerely,

Som R. Soni, Ph.D.
President and C.E.O.

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